

PRESS RELEASE

Besi Q2-11 Revenue and Profit Meet Expectations. Record H1 Revenue and Net Income

Duiven, the Netherlands, July 28, 2011 - BE Semiconductor Industries N.V. ("the Company" or "BesI") (NYSE Euronext: BESI; OTCQX: BESIY), a leading manufacturer of assembly equipment for the semiconductor industry, today announced its results for the second quarter ended June 30, 2011.

Key Highlights

- Q2-11 revenue € 89.9 million in line with prior guidance (approximately € 91 million) and similar to Q2-10
- Orders of € 82.5 million down 6.6% sequentially vs. Q1-11 due to customer caution in adding new capacity partially offset by increased orders for advanced packaging applications
- Gross margin of 41.2% at high end of prior guidance (39-41%)
- Net income of € 8.8 million in Q2-11 within guidance
- Record H1 revenue and net income of € 180.9 million and € 18.4 million up 23.9% and 43.7% vs. H1-10
- Net cash increases to € 45.7 million vs. € 19.6 million in Q1-11 due to redemption of Convertible Notes
- Commencement of stock buy back program to reduce share dilution from Note conversion

(€ millions; except EPS)	Q2-2011	Q1-2011	Δ	Q2-2010	Δ
Revenue	89.9	91.1	-1.3%	89.5	0.4%
Operating income (loss)	12.0	13.5	-11.1%	13.9	-13.7%
EBITDA	14.8	16.3	-9.2%	16.2	-8.6%
Net income (loss)	8.8	9.6	-8.3%	15.4	-42.9%
EPS (diluted)	0.25	0.26	-3.8%	0.40	-37.5%
Orders	82.5	88.3	-6.6%	133.7	-38.3%
Backlog	66.3	73.7	-10.0%	136.0	-51.3%
Cash flow (deficit) from ops.	8.9	1.5	NM	(0.4)	NM
Cash	61.8	65.5	-5.6%	48.1	28.5%
Total Debt	16.1	45.9	-64.9%	49.4	-67.4%

Richard W. Blickman, President and Chief Executive Officer of BesI, commented: "We are pleased to report that our second quarter revenue and net income met our expectations. Our revenue was roughly equal to Q1-11 as we experienced sales growth of multi chip and flip chip die bonders for more advanced packaging applications which offset decreased shipments of certain single chip die bonders for more mainstream package types. Our net income benefitted from gross margins at the high end of guidance due to a more favorable percentage of advanced packaging systems in our sales mix and lower interest expense due to the redemption of our 5.5% Convertible Notes. Profit for Q2-11 came in slightly lower than Q1-11 due to a higher effective tax rate but on a combined basis resulted in record net income of € 18.4 million for the six month period, a 43.8% increase as compared to H1-10.

We executed a number of actions in Q2-11 to improve our liquidity and shareholder returns. Our net cash position increased to € 45.7 million from € 19.6 million at Q1-11 as a result of the Note redemption which positions us favorably to take advantage of future growth opportunities. We initiated a share repurchase program under which we have purchased approximately 1.1 million shares to date to reduce associated share dilution from the Note redemption which will improve our earnings per share in 2011. In total, we utilized € 8.9 million of our cash flow from operations in Q2-11 to pay cash dividends to shareholders, repurchase shares and reduce bank debt outstanding.

However, our business was not immune to the market downturn which began during the quarter and has been noted recently by many industry participants. Orders declined by 6.6% sequentially in Q2-11 reflecting customer caution in the face of slowing consumer expenditures for tablets, smart phones and other electronic devices and renewed concerns as to the global economy. In spite of such decline, we continued to experience bookings growth for die bonding and ultra thin molding systems for ever smaller, denser and more complex packaging applications which we expect to drive our revenue growth in future years. Based on our backlog and customer feedback, we expect that our revenue will decline by 15-20% in Q3-11 vs. Q2-11 as the industry slow down continues after a period of strong growth over the past two years."

Second Quarter Results of Operations

Besi's Q2-11 revenue of € 89.9 million decreased by € 1.2 million (1.3%) as compared to Q1-11 as lower shipments of single chip die bonders was partially offset by increased sales of multi chip and flip chip die bonders for advanced packaging applications. Q2-11 revenue increased by € 0.4 million (0.4%) as compared to Q2-10 as higher die attach revenue, in particular, increased sales of multi chip and flip chip die bonding systems, was partially offset by lower wire bonding revenue due to its business rationalization in Q2-10.

Orders for Q2-11 were € 82.5 million, a decrease of € 5.8 million, or 6.6%, as compared to Q1-11. The quarterly sequential order decrease was primarily focused on reduced demand by customers, particularly IDMs, as they became more cautious in adding new capacity. Q2-11 orders declined by € 51.2 million, or 38.3%, from a cyclical peak reached in Q2-10 primarily due to decreased demand for die attach systems as a result of the current industry slow down. On a customer basis, the sequential order decrease in Q2-11 reflected a € 0.6 million (1.3%) decrease by subcontractors and a € 5.2 million (12.5%) decrease by IDMs. Backlog at June 30, 2011, was € 66.3 million, a decrease of € 7.4 million, or 10.0%, as compared to March 31, 2011.

Besi's gross margin increased to 41.2% in Q2-11 as compared to 40.0% in Q1-11 due to increased molding and multi chip die bonding margins. Q2-11 gross margins were above prior guidance (39.0%-41.0%). The Q2-11 gross margin increased by 2.5 points as compared to 38.7% in Q2-10 due primarily to higher die attach gross margins, particularly for advanced packaging applications, and higher wire bonding gross margins due to cost reductions implemented at this business unit.

Besi's operating expenses were € 25.0 million in Q2-2011 as compared to € 22.9 million in Q1-2011 and € 20.7 million in the Q2-10 and were above prior guidance (€ 22.9-24.0 million). Higher sequential quarterly operating expenses were primarily due to increased development personnel and materials in support of Besi's next generation common die bonding platform and the upward movement of the Swiss franc versus the euro as well as certain one-time stock based compensation and bonus accruals. In Q2-11, Besi capitalized € 2.3 million of development expenses as compared to € 1.5 million in Q1-11. As a % of revenue, total operating expenses were 27.9% in Q2-11 as compared to 25.1% in Q1-11 and 23.2% in Q2-10.

Financial expense (income), net improved from expense of € 1.3 million in Q1-11 to income of € 0.2 million in Q2-11 as a result of the redemption of Besi's Convertible Notes in June 2011 and a sequential decrease in losses on foreign currency contracts. Financial expense (income), net was € 0.9 million in Q2-10.

Q2-11 net income of € 8.8 million decreased by € 0.8 million from € 9.6 million in Q1-11 primarily due to an increase in the effective tax rate from 21.5% in Q1-11 to 27.5% in Q2-11 due to a change in Besi's earnings mix from its European operations during the quarter. Q2-11 net income declined by € 6.6 million as compared to € 15.4 million in Q2-10 primarily due to the absence of a € 4.8 million tax benefit recognized in Q2-10 and an increase in the effective tax from 19.0% in Q2-10.

Half Year Results of Operations 2011/2010

For H1-11, Besi's revenue increased by € 34.9 million or 23.9% to € 180.9 million as compared to H1-10 primarily due to a significant increase in die attach shipments, particularly for advanced packaging applications, partially offset by a decrease in wire bonding shipments. Orders for H1-11 were € 170.8 million, down by € 60.2 million, or 26.1%, as compared to a cyclical peak in orders which was reached in H1-10.

For H1-11, Besi recorded net income of € 18.4 million (€ 0.54 per share) a 43.8% increase versus € 12.8 million (or € 0.35 per share, diluted) for H1-10 while net margins increased to 10.2% versus 8.8% in H1-10. The net income improvement in the first half of 2011 was due primarily to significantly higher die attach revenue and gross margins from advanced packaging systems (both die bonding and packaging) and efficiencies resulting from Besi's ongoing Asian production transfer.

Redemption of Convertible Notes/Share Repurchase Program

On June 17, 2011, Besi announced that all remaining holders of its 5.5% Convertible Notes due 2012 (the "Notes") elected to exercise their conversion rights to receive Besi ordinary shares in exchange for Notes outstanding. The Notes were originally issued in a principal amount of € 46 million of which € 27.9 million principal amount was outstanding as of March 31, 2011. The Note redemption resulted in the issuance of approximately 5.6 million new Besi ordinary shares.

On May 20, 2011, Besi announced a share repurchase program according to which the Company may buy back up to a maximum of approximately 3.4 million ordinary shares from time to time until October 2012. The repurchase program is being implemented in accordance with industry best practices and in compliance with applicable buyback rules and regulations and was initiated to help reduce share dilution resulting from the conversion of Notes. Since June 6, 2011, Besi has purchased under this program a total of 1,114,470 of its ordinary shares at a weighted average price of € 5.64 for a total purchase amount of € 6.3 million.

Besi's shares outstanding, net of treasury shares, increased from 33.9 million at March 31, 2011 to 39.4 million at June 30, 2011 as a result of the issuance of shares in connection with the Note redemption and the issuance of 307,875 shares in connection with the dividend payment in May 2011, partially offset by the buy-back of shares pursuant to the share repurchase program.

Financial Condition

Besi's net cash position increased by € 26.1 million between March 31, 2011 and June 30, 2011 to € 45.7 million primarily due to a € 29.8 million sequential decrease in debt outstanding. During the period, cash and cash equivalents decreased by € 3.7 million to € 61.8 million as operating income, depreciation, non cash items and exchange rate benefits of € 16.7 million generated were more than offset by (i) € 5.1 million of cash dividends paid to shareholders, (ii) € 2.3 million of bank and other debt retired, (iii) an investment in working capital of € 6.7 million, (iv) capitalized development spending of € 2.3 million, (v) net capital expenditures of € 2.3 million and (vi) the repurchase of shares with a value of € 1.5 million.

Outlook

Based on our June 30, 2011 backlog and feedback from customers, we forecast for Q3-11 that:

- Revenue will decline by approximately 15-20% as compared to the € 89.9 million reported in Q2-11.
- Gross margins will range between 37-39% as compared to the 41.2% realized in Q2-11.
- Operating expenses will decrease by approximately 5% versus the € 25.0 million reported in Q2-11.
- Capital expenditures will be approximately € 2.0 million versus the € 2.3 million incurred in Q2-11.

Investor and media conference call

A conference call and webcast for investors and media will be held today at 4 p.m. CET (10 a.m. New York time). The dial-in for the call is (31) 10 29 44 215. To access the audio webcast, visit www.besi.com.

Besi is a leading supplier of semiconductor assembly equipment for the global semiconductor and electronics industries. The Company develops leading edge assembly processes and equipment for leadframe, array connect and wafer level packaging applications in a wide range of end-user markets including electronics, computer, automotive, industrial, RFID, LED and solar energy. Customers are primarily leading semiconductor manufacturers, assembly subcontractors and electronics and industrial companies. Besi's ordinary shares are listed on NYSE Euronext Amsterdam (symbol: BESI) and OTCQX International (symbol: BESLY) and its headquarters are located in Duiven, the Netherlands. For more information, please visit our website at www.besi.com.

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Caution Concerning Forward Looking Statements

This press release contains statements about management's future expectations, plans and prospects of our business that constitute forward-looking statements, which are found in various places throughout the press release, including, but not limited to, statements relating to expectations of orders, net sales, product shipments, backlog, expenses, timing of purchases of assembly equipment by customers, gross margins, operating results and capital expenditures. The use of words such as "anticipate", "estimate", "expect", "can", "intend", "believes", "may", "plan", "predict", "project", "forecast", "will", "would", and similar expressions are intended to identify forward looking statements, although not all forward looking statements contain these identifying words. The financial guidance set forth under the heading "Outlook" constitute forward looking statements. While these forward looking statements represent our judgments and expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from those contained in forward looking statements, including our inability to maintain continued demand for our products, the impact of the worldwide economic downturn on our business, failure of anticipated orders to materialize or postponement or cancellation of orders, generally without charges; the volatility in the demand for semiconductors and our products and services; failure to adequately decrease costs and expenses as revenues decline, loss of significant customers, lengthening of the sales cycle, incurring additional restructuring charges in the future, acts of terrorism and violence; risks, such as changes in trade regulations, currency fluctuations, political instability and war, associated with substantial foreign customers, suppliers and foreign manufacturing operations; potential instability in foreign capital markets; the risk of failure to successfully manage our diverse operations; those additional risk factors set forth in Besi's annual report for the year ended December 31, 2010 and other key factors that could adversely affect our businesses and financial performance contained in our filings and reports, including our statutory consolidated statements. We are under no obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements whether as a result of new information, future events or otherwise.

Consolidated Statements of Operations
(euro in thousands, except share and per share data)

	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)	
	2011	2010	2011	2010
Revenue	89,866	89,492	180,945	146,068
Cost of sales	52,858	54,828	107,543	92,529
Gross profit	37,008	34,664	73,402	53,539
Selling, general and administrative expenses	17,684	14,643	34,183	28,864
Research and development expenses	7,363	6,078	13,750	11,719
Total operating expenses	25,047	20,721	47,933	40,583
Operating income (loss)	11,961	13,943	25,469	12,956
Financial expense (income), net	(233)	850	1,115	1,342
Income (loss) before taxes	12,194	13,093	24,354	11,614
Income tax expense (benefit)	3,355	(2,309)	5,965	(1,186)
Net income (loss)	8,839	15,402	18,389	12,800
Net income (loss) per share – basic	0.25	0.45	0.54	0.38
Net income (loss) per share – diluted	0.25	0.40 ^a	0.54	0.35 ^a
Number of shares used in computing per share amounts:				
- basic	35,374,199	33,906,626	34,647,654	33,856,065
- diluted	35,374,199	39,340,773 ^a	34,647,654	39,290,211 ^a

^a The calculation of the diluted income per share assumes conversion of the Company's 5.5% convertible notes due 2012 as such conversion would have a dilutive effect (5,434,146 ordinary shares).

Consolidated Balance Sheets

<i>(euro in thousands)</i>	June 30, 2011 (unaudited)	March 31, 2011 (unaudited)	December 31, 2010 (audited)
ASSETS			
Cash and cash equivalents	61,806	65,543	69,305
Accounts receivable	84,234	86,585	86,889
Inventories	89,319	82,368	79,269
Income tax receivable	205	205	205
Other current assets	12,664	11,689	8,620
Total current assets	248,228	246,390	244,288
Property, plant and equipment	26,096	25,272	26,032
Goodwill	43,151	43,277	43,823
Other intangible assets	24,355	23,018	22,919
Deferred tax assets	10,343	10,982	12,131
Other non-current assets	1,343	1,286	1,291
Total non-current assets	105,288	103,835	106,196
Total assets	353,516	350,225	350,484
LIABILITIES AND SHAREHOLDERS' EQUITY			
Notes payable to banks	13,947	15,824	16,038
Current portion of long-term debt and financial leases	1,457	1,896	2,186
Accounts payable	38,243	38,652	42,626
Convertible notes	-	27,466	-
Accrued liabilities	37,851	38,745	37,892
Total current liabilities	91,498	122,583	98,742
Convertible notes	-	-	27,386
Other long-term debt and financial leases	681	731	766
Deferred tax liabilities	557	597	656
Other non-current liabilities	4,092	3,889	3,922
Total non-current liabilities	5,330	5,217	32,730
Total equity	256,688	222,425	219,012
Total liabilities and equity	353,516	350,225	350,484

Consolidated Cash Flow Statements

<i>(euro in thousands)</i>	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)	
	2011	2010	2011	2010
Cash flows from operating activities:				
Operating income	11,961	13,943	25,469	12,956
Depreciation and amortization	2,796	2,300	5,568	4,342
Share based compensation expense	1,041		1,758	
Other non-cash items	-	778	(37)	(604)
Changes in working capital	(6,664)	(17,516)	(21,173)	(33,926)
Income tax received (paid)	(89)	168	(180)	336
Interest received (paid)	(150)	(111)	(1,023)	(415)
Net cash provided by (used in) operating activities	8,895	(438)	10,382	(17,311)
Cash flows from investing activities:				
Capital expenditures	(2,286)	(1,988)	(3,806)	(2,892)
Capitalized development expenses	(2,328)	(1,207)	(3,870)	(3,106)
Proceeds from sale of equipment	-	100	40	100
Net cash used in investing activities	(4,614)	(3,095)	(7,636)	(5,898)
Cash flows from financing activities:				
Proceeds from (payments of) bank lines of credit	(1,834)	2,850	(1,888)	4,202
Payments of debt and financial leases	(499)	(880)	(846)	(1,839)
Dividend paid to shareholders	(5,097)	-	(5,097)	-
Repurchase of convertible notes	-	-	-	(7,352)
Purchase Treasury Shares	(1,496)	-	(1,496)	-
Other financing activities	-	-	-	(45)
Net cash provided by (used in) financing activities	(8,926)	1,970	(9,327)	(5,034)
Net increase/(decrease) in cash and cash equivalents	(4,645)	(1,563)	(6,581)	(28,243)
Effect of changes in exchange rates on cash and cash equivalents	908	1,941	(918)	3,210
Cash and cash equivalents at beginning of the period	65,543	47,714	69,305	73,125
Cash and cash equivalents at end of the period	61,806	48,092	61,806	48,092

Supplemental Information (unaudited)
(euro in millions, unless stated otherwise)

REVENUE	Q1-2010		Q2-2010		Q3-2010		Q4-2010		Q1-2011		Q2-2011	
Per geography:												
Asia Pacific	44.6	79%	73.1	82%	81.0	81%	78.2	75%	66.8	73%	64.5	72%
Europe and ROW	8.2	14%	9.7	11%	1.2	12%	17.1	16%	18.0	20%	18.3	20%
USA	3.8	7%	6.7	7%	7.6	8%	9.1	9%	6.3	7%	7.1	8%
Total	56.6	100%	89.5	100%	100.6	100%	104.4	100%	91.1	100%	89.9	100%
ORDERS	Q1-2010		Q2-2010		Q3-2010		Q4-2010		Q1-2011		Q2-2011	
Per geography:												
Asia Pacific	80.6	83%	108.3	81%	68.7	78%	36.8	64%	64.2	73%	60.5	73%
Europe and ROW	9.8	10%	16.8	13%	12.9	15%	10.9	19%	17.4	20%	13.9	17%
USA	6.9	7%	8.6	6%	6.5	7%	9.7	17%	6.7	7%	8.1	10%
Total	97.3	100%	133.7	100%	88.1	100%	57.4	100%	88.3	100%	82.5	100%
Per customer type:												
IDM	39.8	41%	61.5	46%	52.1	59%	35.0	61%	41.5	47%	36.3	44%
Subcontractors	57.5	59%	72.2	54%	36.0	41%	22.4	39%	46.8	53%	46.2	56%
Total	97.3	100%	133.7	100%	88.1	100%	57.4	100%	88.3	100%	82.5	100%
BACKLOG	Mar 31, 2010		Jun 30, 2010		Sep 30, 2010		Dec 31, 2010		Mar 31, 2011		Jun 30, 2011	
Backlog	91.7		136.0		123.5		76.4		73.7		66.3	
HEADCOUNT ¹⁾	Mar 31, 2010		Jun 30, 2010		Sep 30, 2010		Dec 31, 2010		Mar 31, 2011		Jun 30, 2011	
Europe	698	47%	721	46%	738	44%	739	43%	757	44%	776	44%
Asia Pacific	753	50%	810	51%	876	53%	921	54%	922	53%	944	53%
USA	44	3%	44	3%	46	3%	44	3%	47	3%	46	3%
Total	1,495	100%	1,575	100%	1,660	100%	1,704	100%	1,726	100%	1,766	100%
²⁾ including temporaries												
OTHER FINANCIAL DATA	Q1-2010		Q2-2010		Q3-2010		Q4-2010		Q1-2011		Q2-2011	
Gross profit:	21.7	38.3%	34.8	38.9%	40.5	40.3%	42.1	40.3%	36.4	40.0%	37.0	41.2%
Amortization of intangibles	(0.2)	-0.3%	(0.1)	-0.2%	(0.1)	-0.2%	(0.1)	-0.1%	-		-	
Restructuring charges	(2.6)	-4.6%	-		-		-		-		-	
Total	18.9	33.4%	34.7	38.7%	40.4	40.1%	42.0	40.2%	36.4	40.0%	37.0	41.2%
Selling, general and admin expenses:												
SG&A expenses	12.9	22.8%	14.1	15.8%	14.6	14.5%	17.0	16.3%	16.4	18.0%	17.6	19.6%
Amortization of intangibles	0.1	0.2%	0.1	0.1%	0.1	0.1%	0.1	0.1%	0.1	0.1%	0.1	0.1%
Restructuring charges	1.2	2.1%	0.4	0.4%	-		0.4	0.4%	-		-	
Total	14.2	25.1%	14.6	16.3%	14.7	14.6%	17.5	16.8%	16.5	18.1%	17.7	19.7%
Research and development expenses:												
R&D expenses	6.6	11.7%	6.5	7.3%	6.4	6.4%	7.5	7.2%	6.8	7.5%	8.6	9.6%
Capitalization of R&D charges	(1.9)	-3.4%	(1.2)	-1.3%	(1.3)	-1.3%	(1.6)	-1.5%	(1.5)	-1.6%	(2.3)	-2.6%
Amortization of intangibles	0.2	0.4%	0.8	0.9%	1.1	1.1%	1.2	1.1%	1.1	1.2%	1.1	1.2%
Restructuring charges	0.7	1.2%	-		-		-		-		-	
Total	5.6	9.9%	6.1	6.8%	6.2	6.2%	7.1	6.8%	6.4	7.0%	7.4	8.2%
Financial expense (income), net:												
Interest expense (income), net	0.6		0.6		0.6		0.7		0.6		(0.1)	
Foreign exchange (gains) \ losses	0.7		0.3		0.5		(0.6)		0.7		(0.1)	
Gain on extinguishment of debt	(0.8)		-		-		-		-		-	
Total	0.5		0.9		1.1		0.1		1.3		(0.2)	
Operating income (loss) as % of net sales	(1.0)	-1.8%	13.9	15.5%	19.5	19.4%	17.4	16.7%	13.5	14.8%	12.0	13.3%
EBITDA as % of net sales	1.0	1.8%	16.2	18.1%	22.2	22.1%	20.9	20.0%	16.3	17.9%	14.8	16.5%
Net income (loss) as % of net sales	(2.6)	-4.6%	15.4	17.2%	15.0	14.9%	19.4	18.6%	9.6	10.5%	8.8	9.8%
Income per share												
Basic	(0.08)		0.45		0.44		0.57		0.28		0.25	
Diluted	(0.08)		0.40		0.39		0.50		0.26		0.25	